

**BOYDEN-HULL COMMUNITY SCHOOL DISTRICT**

**INDEPENDENT AUDITORS' REPORT**

**JUNE 30, 2009**

**BOYDEN-HULL COMMUNITY SCHOOL DISTRICT  
FOR THE YEAR ENDED JUNE 30, 2009  
TABLE OF CONTENTS**

Board Members and Officials	Page 1
 <b>FINANCIAL SECTION</b> 	
Independent Auditors' Report	2 – 3
Management Discussion and Analysis	4 – 13
 <b>BASIC FINANCIAL STATEMENTS</b> 	
Government-Wide Financial Statements:	
Statement of Net Assets	14
Statement of Activities	15 – 16
Governmental Fund Financial Statements:	
Balance Sheet	17
Reconciliation of the Balance Sheet-Governmental Funds to the	
Statement of Net Assets	18
Statement of Revenues, Expenditures, and Changes in Fund Balances	19
Reconciliation of the Statement of Revenues, Expenditures and Changes	20
in Fund Balances - Governmental Funds to the Statement of Activities	
Proprietary Fund Financial Statements:	
Statement of Net Assets	21
Statement of Revenue, Expenses and Changes in Net Assets	22
Statement of Cash Flows	23
Fiduciary Fund Financial Statements	
Statement of Fiduciary Net Assets	24
Notes to Financial Statements	25 – 35
 <b>REQUIRED SUPPLEMENTARY INFORMATION</b> 	
Budgetary Comparison Schedule of Revenues, Expenditures, and	
Changes in Balances – Budget to Actual – All Governmental Funds	
and Proprietary Fund	36
Notes to Required Supplementary Information – Budgetary Reporting	37
 <b>OTHER SUPPLEMENTARY INFORMATION</b>	
	<b>Schedule</b>
Statement of Revenues, Expenditures and Changes in Fund Balance –	
General Fund	1      38 – 42
Combining Balance Sheet – Governmental Nonmajor Funds	2      43
Combining Statement of Revenues, Expenditures and Changes in Fund	
Balances – Governmental Nonmajor Funds	3      44
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	4      45
Combining Statement of Fiduciary Net Assets – Agency Funds	5      46
Statement of Changes in Assets and Liabilities – Agency Funds	6      47
Schedule of Revenues by Source and Expenditures by Function – All	7      48
Governmental Funds	
Schedule of Findings	8      49 – 51
Independent Auditors' Report on Internal Control over	
Financial Reporting and on Compliance and Other Matters Based on an	
Audit of Financial Statements Performed	
in Accordance with <i>Government Auditing Standards</i>	52 – 53

**BOYDEN-HULL COMMUNITY SCHOOL DISTRICT**

**BOARD MEMBERS AND OFFICIALS**

**June 30, 2009**

---

**Board of Education (Before September 2008 Election)**

<u>Name</u>		<u>Term Expires</u>
Mark Warntjes	President	September, 2009
Joy Hurst	Board Member	September, 2011
Joel Heitritter	Board Member	September, 2008
Douglas Beukelman	Board Member	September, 2009
Nancy Dykstra	Board Member	September, 2008

**Board of Education (After September 2008 Election)**

Mark Warntjes	President	September, 2009
Douglas Beukelman	Board Member	September, 2009
Aric Van Voorst	Board Member	September, 2011
Jake Ten Haken	Board Member	September, 2011
Joy Hurst	Board Member	September, 2011

**Officials**

Steve Grond	Superintendent	June 30, 2009
Sue Huls	District Secretary/Treasurer/ Business Manager	June 30, 2009
John De Koster	Attorney	Indefinite

## INDEPENDENT AUDITORS' REPORT

To the Board of Education of  
Boyden-Hull Community School District  
Hull, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activity, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Boyden-Hull Community School District as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Boyden-Hull Community School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Boyden-Hull Community School District as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2009 on our consideration of the Boyden-Hull Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Boyden-Hull Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the two years ended June 30, 2008 (which are not presented herein) and expressed an unqualified opinion on those financial statements. The financial statements for the years ended June 30, 2006 through June 30, 2004 were audited by other auditors in accordance with the standards referred to in the second paragraph of this report and they expressed unqualified opinions on those financial statements. Other supplementary information, included in Schedules 1 through 8, are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

*Williams & Company, P.C.*  
CERTIFIED PUBLIC ACCOUNTANTS

Le Mars, Iowa  
December 7, 2009

---

## BOYDEN-HULL COMMUNITY SCHOOL DISTRICT MANAGEMENT DISCUSSION AND ANALYSIS

---

Boyden-Hull Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2009. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### 2009 FINANCIAL HIGHLIGHTS

General fund revenues increased from \$5,351,085 in fiscal 2008 to \$5,612,290 in fiscal 2009, while General fund expenditures increased from \$5,439,713 in fiscal 2008 to \$5,595,302 in fiscal 2009. The District's General fund balance increased from \$319,812 in fiscal 2008 to \$336,800 in fiscal 2009, a 5% increase.

The increase in General fund revenues was attributable to an increase in enrollment in the fall of 2007, thus increasing state aid, an increase in the cash reserve levy imposed by the district, an increase in the Family Literacy Grant the district receives through a local community college, and a substantial increase in teacher quality funding. The increase in expenditures was due primarily to an increase in negotiated salaries and benefits, and the distribution of the teacher quality allocation.

### USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Boyden-Hull Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Boyden-Hull Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.

Other Supplementary Information provides detailed information about the non-major Special Revenue Funds.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

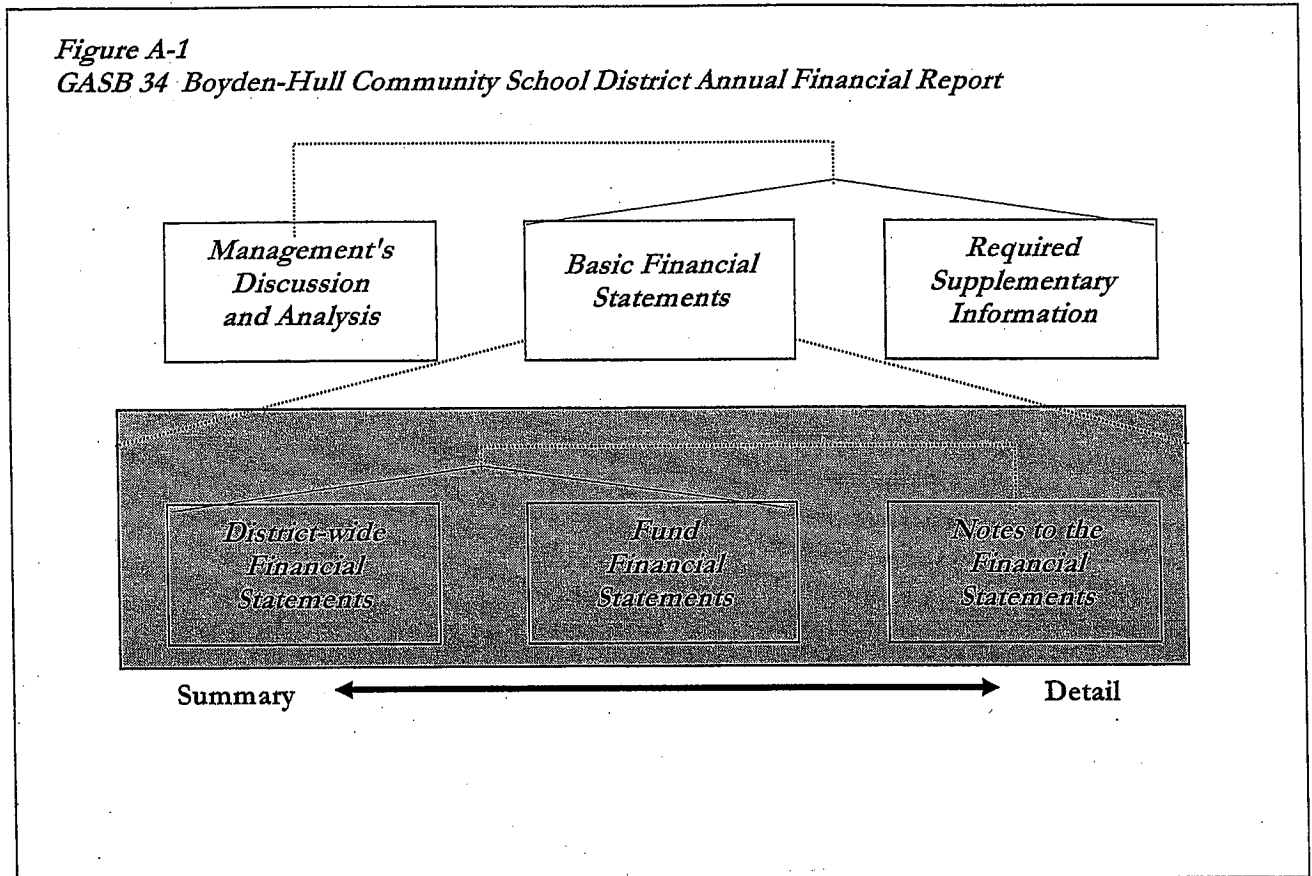


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

<b>Figure A-2</b> <b>Major Features of the Government-wide and Fund Financial Statements</b>				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and adult education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenues, expenses and changes in fund net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can



Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid
---	--	---	---	--

## REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

### *Government-wide Financial Statements*

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

### *Fund Financial Statements*

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

- 1) *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Project Funds.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

- 2) *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund.

The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in net assets and a statement of cash flows.

- 3) *Fiduciary Funds*: The District is the trustee, or fiduciary, for assets that belong to others. The District's agency funds include the employee flex cafeteria plan and the employee pop money. The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes this activity from the government-wide statements because it cannot use these to finance its operations.

The required financial statements for fiduciary funds includes a statement fiduciary net assets and a statement of changes in fiduciary net assets.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2008 and 2009.

**Figure A-3 Condensed Statement of Net Assets**

	Governmental Activities		Business-type Activities		Total District		Total % Change
	2008	2009	2008	2009	2008	2009	
Current and other assets	\$3,298,036	\$3,492,969	\$ 2,337	\$ 26,509	\$3,300,373	\$3,519,478	6.60%
Capital Assets	5,245,818	5,392,466	19,760	33,058	5,265,578	5,425,524	3.00%
<b>Total Assets</b>	<b>8,543,854</b>	<b>8,885,435</b>	<b>22,097</b>	<b>59,567</b>	<b>8,565,951</b>	<b>8,945,002</b>	<b>4.40%</b>

Current Liabilities	2,131,417	2,337,265	4,172	5,754	2,135,589	2,343,019	9.72%
Long-Term Liabilities	3,044,508	2,772,025	-	-	3,044,508	2,772,025	-8.95%
<b>Total Liabilities</b>	<b>5,175,925</b>	<b>5,109,290</b>	<b>4,172</b>	<b>5,754</b>	<b>5,180,097</b>	<b>5,115,044</b>	<b>-1.26%</b>
Net Assets Invested in capital assets, net of related debt	2,237,043	2,678,180	19,760	33,058	2,256,803	2,711,238	20.14%
Restricted	818,604	283,940			818,604	283,940	-65.31%
Unrestricted	312,282	814,025	(1,835)	20,755	310,447	834,780	169.0%
<b>Total Net Assets</b>	<b>\$3,367,929</b>	<b>\$3,776,145</b>	<b>\$17,925</b>	<b>\$53,813</b>	<b>\$3,385,854</b>	<b>\$3,829,958</b>	<b>13.10%</b>

The District's combined net assets increased by 13.10%, or approximately \$444,104 over the prior year. The governmental activities increased \$408,216 and the business-type activities increased \$35,888.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. The District's restricted net assets decreased over \$534,000 or approximately 65% from the prior year. The decrease was primarily a result of the reclassification of Capital Projects – LOST fund Net Assets to unrestricted and displaying the Foundation discretely.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – increased approximately \$524,000 or 169%. A large portion of the increase was due to the reclassification of the Capital Projects – LOST assets from restricted to unrestricted as previously noted.

Figure A-4 shows the change in net assets for the year ended June 30, 2008 and 2009.

**Figure A-4 Changes in Net Assets from Operations**

	Governmental Activities		Business-type Activities		Total District		Total % Change
	2008	2009	2008	2009	2008	2009	
Revenue:							
Program Revenue:							
Charges for Services	\$536,642	\$ 565,660	\$166,053	\$180,480	\$ 702,695	\$ 746,140	6.1%
Operating Grants and Contributions	846,931	973,405	117,369	132,978	964,300	1,106,383	14.7%
General Revenues:							
Property Tax	1,951,563	1,965,306	-	-	1,951,563	1,965,306	.7%
Instructional Support Surtax	140,126	167,700	-	-	140,126	167,700	19.6%
Local Option Sales Tax	322,572	456,165	-	-	322,572	456,165	41.4%
Unrestricted State Grants	2,519,945	2,523,122	-	-	2,519,945	2,523,122	.13%
Unrestricted Investment Earnings	71,821	36,923	56	99	71,877	37,022	-48.5%
Other	13,395	11,079	-	39	13,395	11,118	-17.0%
<b>TOTAL REVENUES</b>	<b>6,402,995</b>	<b>6,699,360</b>	<b>283,478</b>	<b>313,596</b>	<b>6,686,473</b>	<b>7,012,956</b>	<b>4.8%</b>

Program Expenses:							
Instruction	4,027,830	4,049,288	-	-	4,027,830	4,049,288	.5%
Support Services	1,559,821	1,692,686	-	-	1,559,821	1,692,686	8.5%
Non-instructions Programs	12,955	43,178	276,367	295,160	289,322	338,338	16.9%
Other Expenses	577,308	488,540	-	-	577,308	488,540	-15.3%
<b>TOTAL EXPENSES</b>	<b>6,177,914</b>	<b>6,273,692</b>	<b>276,367</b>	<b>295,160</b>	<b>6,454,281</b>	<b>6,568,852</b>	<b>1.7%</b>
Excess Before Transfers	225,081	425,668	7,111	18,436	232,192	444,104	
Transfers	-	(17,452)	-	17,452	-	-	-
<b>Change in Net Assets</b>	<b>\$225,081</b>	<b>\$408,216</b>	<b>\$ 7,111</b>	<b>\$35,888</b>	<b>\$232,192</b>	<b>\$444,104</b>	<b>91.2%</b>

Property tax, instructional support surtax, local option sales tax, and unrestricted state grants account for 76.3% of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 91.5% of the total expenses.

### Governmental Activities

Figure A-5 presents the cost of four major district activities: instruction, support services, non-instructional programs and other expenses. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial impact placed on the taxpayers by each function.

**Figure A-5 Net Cost of Governmental Activities**

	Total Cost of Services		% Change	Net Cost of Services		% Change
	2008	2009		2008	2009	
Instruction	\$4,027,830	\$4,049,288	.5%	\$ 2,943,595	\$2,834,820	-.04%
Support Services	1,559,821	1,692,686	8.5%	1,496,027	1,620,720	8.3%
Non-Instructional	12,955	43,178	233.3%	12,955	43,178	233.3%
Other	577,308	488,540	-15.3%	280,602	235,909	-15.9%
<b>TOTAL</b>	<b>\$6,177,914</b>	<b>\$6,273,692</b>	<b>1.5%</b>	<b>\$4,733,179</b>	<b>\$4,734,627</b>	<b>.03%</b>

- The cost financed by users of the District's programs was \$565,660.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$973,405. This includes a Family Literacy Grant the district received through the Northwest Iowa Community College for \$28,114. The net cost of governmental activities was financed with \$2,589,171 in property and other taxes and \$2,523,122 in unrestricted state grants.

## **Business Type Activities**

Revenues of the District's business type activity (school food and nutrition services) were \$313,596 and expenses were \$295,160. (Refer to Figure A-4). Revenues of this activity were comprised of charges for service, federal and state reimbursements and investment income. Revenues increased from \$283,478 in fiscal 2008 to \$313,458 fiscal 2009, while expenses increased from \$276,367 in fiscal 2008 to \$295,160 in fiscal 2009. Increases were primarily due to ala carte sales, and an increase in breakfast and lunch prices implemented by the District. The increase in expenditures was primarily due to labor and food costs.

## **INDIVIDUAL FUND ANALYSIS**

As previously noted, Boyden-Hull Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$1,162,369, a decrease from last year's ending fund balances of \$1,173,883.

### **Governmental Fund Highlights**

- The District's stable General Fund financial position is the result of increased negotiated salaries and benefits, being offset by increased state aid and grants.
- The Capital Project LOST fund balance increased from \$454,599 in fiscal 2008 to \$520,180 in fiscal 2009. The increase was due to the amount of sales tax generated.

### **Proprietary Fund Highlights**

The School Nutrition Fund net assets increased from \$17,925 at June 30, 2008 to \$53,813 at June 30, 2009. The increase was due primarily to ala carte sales, control of labor costs, and inventory.

## **BUDGETARY HIGHLIGHTS**

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following a required public notice and hearing. The budget may be amended during the year utilizing statutorily prescribed procedures. The District's budget is prepared on the GAAP basis. During the year, expenditures exceeded the amount budgeted in both the Non-instructional Programs and Other Expenditures functions. Detail can be found in the required supplementary information section of this report as required.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

At June 30, 2009, the District had invested \$8,642,798 in a broad range of assets, including school buildings, athletic facilities, computer and audio-visual equipment, and administrative offices. (See Figure A-6) More detailed information about capital assets can be found in Note 6 to the financial statements. Total depreciation expense for the year was \$236,262.

The largest change in capital asset activity during the year occurred in the construction in progress category. The decrease in the construction in progress reflects the completion of the elementary school addition and renovation project.

**Figure A-6 Capital Assets**

	Governmental Activities		Business-type Activities		Total District		Total % Change
	2008	2009	2008	2009	2008	2009	
Land	\$318,751	\$345,596	\$ -	\$ -	\$ 318,751	\$ 345,596	8.4%
Constr. In Progress	1,274,433	30,680	-	-	1,274,433	30,680	-97.6%
Buildings	4,712,826	6,105,904	-	-	4,712,826	6,105,904	29.5%
Improvements other than Buildings	574,273	590,775	-	-	574,273	590,775	2.8%
Furniture and Equipment	1,384,375	1,481,862	70,529	87,981	1,454,904	1,569,843	7.9%
<b>Total Assets</b>	<b>\$8,264,658</b>	<b>\$8,554,817</b>	<b>\$70,529</b>	<b>\$87,981</b>	<b>\$8,335,187</b>	<b>\$8,642,798</b>	<b>3.7%</b>

### Long-Term Debt

At year end, the District had \$2,000,000 in general obligation bonds outstanding, \$714,286 in LOST revenue bonds outstanding, \$48,256 in early retirement obligations and \$9,483 in compensated absences. This is a decrease of \$272,483 from the prior year. The decrease is largely due to scheduled debt repayments. Additional information about the District's long-term debt is presented in Note 7 to the financial statements.

### ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- The enrollment for the current year (2009-2010) is down approximately fifteen students. This is due to a smaller kindergarten class than in the past several years and attrition of students. We are experiencing a more migratory population than in the past that follows jobs. As a result of the downturn in the economy some jobs have shifted to other places and we have lost some students. We are anticipating our incoming kindergarten class to be slightly smaller than our outgoing senior class of this year which would adversely impact the school enrollment.
- The economic expansion has slowed in Sioux County from several years ago. However, in Hull the opening of Green Meadows has helped with the layoffs of workers at other area businesses. The overall economic situation here in Sioux County has slowed but remains positive. The communities of Boyden and Hull reflect this same trend.
- Finally the number of building permits has remained steady over the course of the last 24 months within the cities of Boyden & Hull. Both communities are actively pursuing new businesses with additional industrial park additions in the works but have been slowed by the current economy.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Susan Huls, Business Manager and District Secretary, Boyden-Hull Community School District, 801 1st Street, Hull, Iowa 51239.

**BOYDEN-HULL COMMUNITY SCHOOL DISTRICT**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2009**

	Governmental Activities	Business Type Activity	Total	Component Unit Foundation
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 963,363	\$ 6,450	\$ 969,813	\$ 179,957
Investments	50,361	-	50,361	
Receivables:				
Property Tax	24,002	-	24,002	
Succeeding Year Tax	2,169,675	-	2,169,675	
Due from Other Governments	155,244	-	155,244	
Restricted Assets:				
Cash and Pooled Investments	86,161	-	86,161	
Prepaid Expense	41,437	2,108	43,545	
Inventories	-	17,951	17,951	
Bond Issue Costs	2,726	-	2,726	
Land	345,596	-	345,596	
Construction in Progress	30,680	-	30,680	
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	5,016,190	33,058	5,049,248	
Total Assets	8,885,435	59,567	8,945,002	179,957
<b>LIABILITIES</b>				
Accounts Payable	95,611	-	95,611	
Accrued Expenses	9,662	-	9,662	
Accrued Interest Payable	10,395	-	10,395	
Unearned Revenue	31,322	5,754	37,076	
Deferred Revenue - Succeeding Year Taxes	2,169,675	-	2,169,675	
Deposits Payable	20,600	-	20,600	
Noncurrent Liabilities:				
Due Within One Year:				
G.O. Bonds Payable	160,000	-	160,000	
Revenue Bonds Payable	142,857	-	142,857	
Early Retirement Payable	45,055	-	45,055	
Accrued Compensated Absences	9,483	-	9,483	
Due in More Than One Year:				
G.O. Bonds Payable	1,840,000	-	1,840,000	
Revenue Bonds Payable	571,429	-	571,429	
Early Retirement Payable	3,201	-	3,201	
Total Liabilities	5,109,290	5,754	5,115,044	
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt	2,678,180	33,058	2,711,238	
Restricted for:				
Categorical Funding	13,393	-	13,393	
Debt Service	58,324	-	58,324	
Physical Plant and Equipment Levy	157,624	-	157,624	
Other Special Purposes	54,599	-	54,599	
Unrestricted	814,025	20,755	834,780	179,957
Total Net Assets	\$ 3,776,145	\$ 53,813	\$ 3,829,958	\$ 179,957

See Accompanying Notes to Financial Statements



**BOYDEN-HULL COMMUNITY SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2009**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants Contributions	Capital Grants Contributions
<b>Governmental Activities:</b>				
Instruction:				
Regular Instruction	\$ 2,654,834	\$ 379,694	\$ 491,295	\$ -
Special Instruction	842,337	35,417	155,298	-
Other Instruction	552,117	133,461	19,303	-
Support Services:				
Student Services	140,641	-	4,069	-
Instructional Staff Services	63,481	-	-	-
Administration Services	665,681	-	2,070	-
Operation and Maintenance	510,900	17,088	-	-
Transportation Services	311,983	-	48,739	-
Non-instructional Programs	43,178	-	-	-
Other Expenditures:				
Facilities Acquisition and Construction Services	96,342	-	-	-
Long-term Debt Interest	139,567	-	-	-
AEA Flowthrough	252,631	-	252,631	-
Total governmental activities	<u>6,273,692</u>	<u>565,660</u>	<u>973,405</u>	<u>-</u>
<b>Business Type Activity:</b>				
Non-instructional Programs				
Food Service Operations	<u>295,160</u>	<u>180,480</u>	<u>132,978</u>	<u>-</u>
Total	<u>\$ 6,568,852</u>	<u>\$ 746,140</u>	<u>\$ 1,106,383</u>	<u>\$ -</u>
<b>Component Unit:</b>				
Foundation	<u>\$ 37,223</u>	<u>\$ -</u>	<u>\$ 48,668</u>	<u>\$ -</u>
<b>General Revenues:</b>				
Property Tax Levied For:				
General Purposes				
Debt Service				
Capital Outlay				
Instructional Support Surtax				
Statewide Sales and Service Tax				
Unrestricted State Grants				
Unrestricted Investment Earnings				
Other				
Transfers				
Total general revenues				
Change in net assets				
Net Assets - Beginning				
Net Assets - Ending				

See Accompanying Notes to Financial Statements

Net (Expense) Revenue and Changes in Net Assets			
Governmental Activities	Business Type Activity	Total	Component Unit Foundation
\$ (1,783,845)		\$ (1,783,845)	
(651,622)		(651,622)	
(399,353)		(399,353)	
(136,572)		(136,572)	
(63,481)		(63,481)	
(663,611)		(663,611)	
(493,812)		(493,812)	
(263,244)		(263,244)	
(43,178)		(43,178)	
(96,342)		(96,342)	
(139,567)		(139,567)	
-		-	
(4,734,627)		(4,734,627)	
-	\$ 18,298	18,298	
(4,734,627)	18,298	(4,716,329)	
			\$ 11,445
1,671,769	-	1,671,769	
189,451	-	189,451	
104,086	-	104,086	
167,700	-	167,700	
456,165	-	456,165	
2,523,122	-	2,523,122	
36,923	99	37,022	3,295
11,079	39	11,118	
(17,452)	17,452	-	
5,142,843	17,590	5,160,433	3,295
408,216	35,888	444,104	14,740
3,367,929	17,925	3,385,854	165,217
\$ 3,776,145	\$ 53,813	\$ 3,829,958	\$ 179,957

See Accompanying Notes to Financial Statements

**BOYDEN-HULL COMMUNITY SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2009**

	General	Debt Service	Capital Projects	PPEL	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and Pooled Investments	\$ 283,675	\$ 5,453	\$ 448,837	\$ 194,859	\$ 30,539	\$ 963,363
Investments	-	-	-	-	50,361	50,361
Receivables:						
Property Tax	19,170	2,305	-	1,240	1,287	24,002
Succeeding Year Tax	1,831,871	-	-	157,804	180,000	2,169,675
Due from Other Funds	7,794	-	-	-	-	7,794
Due from Other Governments	83,901	-	71,343	-	-	155,244
Restricted Assets:						
Cash and Pooled Investments	-	86,161	-	-	-	86,161
Prepaid Expense	41,437	-	-	-	-	41,437
Total Assets	<u>2,267,848</u>	<u>93,919</u>	<u>520,180</u>	<u>353,903</u>	<u>262,187</u>	<u>3,498,037</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts Payable	58,193	4,600	-	30,681	2,137	95,611
Due to Other Funds	-	-	-	7,794	-	7,794
Early Retirement Payable	-	-	-	-	1,004	1,004
Accrued Liabilities	9,662	-	-	-	-	9,662
Deposits Payable	-	20,600	-	-	-	20,600
Unearned Revenue	31,322	-	-	-	-	31,322
Deferred Revenue - Succeeding Year Taxes	<u>1,831,871</u>	<u>-</u>	<u>-</u>	<u>157,804</u>	<u>180,000</u>	<u>2,169,675</u>
Total Liabilities	<u>1,931,048</u>	<u>25,200</u>	<u>-</u>	<u>196,279</u>	<u>183,141</u>	<u>2,335,668</u>
Fund Balances:						
Reserved for:						
Prepaid Insurance	41,437	-	-	-	-	41,437
Debt Service	-	68,719	-	-	-	68,719
Categorical Funding	13,393	-	-	-	-	13,393
Unreserved for:						
General Fund	281,970	-	-	-	-	281,970
Special Revenue Fund	-	-	-	157,624	79,046	236,670
Capital Project Fund	-	-	520,180	-	-	520,180
Total Fund Balances	<u>336,800</u>	<u>68,719</u>	<u>520,180</u>	<u>157,624</u>	<u>79,046</u>	<u>1,162,369</u>
Total Liabilities and Equity	<u>\$ 2,267,848</u>	<u>\$ 93,919</u>	<u>\$ 520,180</u>	<u>\$ 353,903</u>	<u>\$ 262,187</u>	<u>\$ 3,498,037</u>

BOYDEN-HULL COMMUNITY SCHOOL DISTRICT  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2009

---

Amounts reported for Governmental Activities in the Statement of Net assets are different because:

Total Fund Balance - Governmental Funds (page 17)			\$ 1,162,369
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.			5,392,466
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.			(10,395)
Bond issue costs are reported in the governmental activities but are not reported in the governmental funds as they do not provide current economic resources.			2,726
Accrued compensated absences are not reported on the modified accrual basis.			(9,483)
Long-term liabilities, including bonds payable, lease obligations payable, and early retirement payable are not due and payable in the current period and therefore are not reported in the funds.			
	G.O. bonds payable	\$ (2,000,000)	
	Revenue bonds payable	(714,286)	
	Early Retirement	(47,252)	(2,761,538)
Total Net Assets - Governmental Activities (page 14)			<u>\$ 3,776,145</u>

**BOYDEN-HULL COMMUNITY SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	General	Debt Service	Capital Projects	PPEL	Other Governmental Funds	Total Governmental Funds
<b>REVENUE:</b>						
Local Sources:						
Local Tax	\$ 1,666,267	\$ 189,217	\$ 456,165	\$ 171,101	\$ 105,083	\$ 2,587,833
Tuition	307,400	-	-	-	-	307,400
Other	115,078	525	8,059	9,202	147,354	280,218
Intermediate Source	28,114	-	-	-	-	28,114
State Sources	3,254,240	233	-	65	65	3,254,603
Federal Sources	241,191	-	-	-	-	241,191
Total Revenue	5,612,290	189,975	464,224	180,368	252,502	6,699,359
<b>EXPENDITURES:</b>						
Current:						
Instruction:						
Regular Instruction	2,601,255	-	-	19,090	22,091	2,642,436
Special Instruction	842,337	-	-	-	-	842,337
Other Instruction	411,907	-	-	4,032	127,193	543,132
Support Services:						
Student Services	139,135	-	-	-	1,506	140,641
Instructional Staff Services	63,481	-	-	-	3,850	67,331
Administration Services	535,836	-	-	22,909	63,041	621,786
Operation and Maintenance	472,024	-	-	23,594	17,663	513,281
Transportation Services	250,970	-	-	78,639	11,245	340,854
Non-instructional Programs	25,726	-	-	17,452	-	43,178
Other Expenditures:						
Facilities Acquisition and Construction Services	-	-	40,966	224,321	-	265,287
Long-term Debt:						
Principal	-	297,857	-	-	-	297,857
Interest and Fiscal Charges	-	140,122	-	-	-	140,122
AEA Flowthrough	252,631	-	-	-	-	252,631
Total Expenditures	5,595,302	437,979	40,966	390,037	246,589	6,710,873
Excess (Deficiency) of Revenues Over Expenditures	16,988	(248,004)	423,258	(209,669)	5,913	(11,514)
Other Financing Sources (Uses):						
Transfers In	-	157,677	-	200,000	-	357,677
Transfers Out	-	-	(357,677)	-	-	(357,677)
Total Other Financing Sources (Uses)	-	157,677	(357,677)	200,000	-	-
Net Change in Fund Balances	16,988	(90,327)	65,581	(9,669)	5,913	(11,514)
Fund Balances - Beginning of Year	319,812	159,046	454,599	167,293	73,133	1,173,883
Fund Balances - End of Year	\$ 336,800	\$ 68,719	\$ 520,180	\$ 157,624	\$ 79,046	\$ 1,162,369

See Accompanying Notes to Financial Statements

**BOYDEN-HULL COMMUNITY SCHOOL DISTRICT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2009**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds (page 19)	\$ (11,514)
--	-------------

Governmental funds report capital outlays, including infrastructure, as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Capital outlays exceeded depreciation expense in the current year as follows:

Expenditures for capital assets	\$ 389,866	
Depreciation expense	<u>(232,108)</u>	157,758

Governmental funds report only the proceeds from the sale of capital assets as revenue whereas the statement of activities reports the gain or loss on the sale or disposal of fixed assets. This is the effect on the change in net assets on the statement of activities.	(11,110)
---	----------

Accrued interest expense that does not require current financial resources.	1,198
---	-------

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Early retirement	(23,378)
------------------	----------

The effect of bond issuance costs when new debt is issued, whereas, these amounts are deferred and amortized in the Statement of Activities.	(642)
--	-------

Long-term accrual of compensated absences is not reported in the governmental funds as it does not consume current financial resources. The net change in in the long-term compensated absences for the year was:	(1,953)
---	---------

The repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. The principal paid on long-term debt during the current year was as follows:

G.O. bonds payable	155,000	
Revenue bonds payable	<u>142,857</u>	297,857

Change in net assets of governmental activities (page 16)	<u>\$ 408,216</u>
---	-------------------

**BOYDEN-HULL COMMUNITY SCHOOL DISTRICT**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
June 30, 2009

	Business Type Activity School Nutrition Fund
<b>ASSETS</b>	
<b>Current Assets:</b>	
Cash and Pooled Investments	\$ 6,450
Prepaid Insurance	2,108
Inventories	17,951
Total Current Assets	<u>26,509</u>
<b>Noncurrent Assets:</b>	
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	<u>33,058</u>
Total Noncurrent Assets	<u>33,058</u>
Total Assets	<u>59,567</u>
<b>LIABILITIES</b>	
<b>Current Liabilities:</b>	
Unearned Revenue	<u>5,754</u>
Total Current Liabilities	<u>5,754</u>
Total Liabilities	<u>5,754</u>
<b>NET ASSETS</b>	
Invested in Capital Assets, Net of Related Debt	33,058
Unrestricted	<u>20,755</u>
Total Net Assets	<u>\$ 53,813</u>

See Accompanying Notes to Financial Statements

**BOYDEN-HULL COMMUNITY SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	Business Type Activity School Nutrition Fund
Operating Revenues:	
Charges for services	\$ 180,480
Miscellaneous	39
Total Operating Revenue	<u>180,519</u>
Operating Expenses:	
Non-Instructional Programs:	
Food Service Operations:	
Salaries	95,196
Benefits	38,391
Purchased Services	2,521
Supplies	154,898
Depreciation	4,154
Total Operating Expenses	<u>295,160</u>
Operating (Loss)	<u>(114,641)</u>
Non-Operating Revenues :	
Interest Income	99
State Lunch Reimbursements	3,843
National School Lunch Program	109,310
Federal Food Commodities Received	19,825
Total Non-Operating Revenues	<u>133,077</u>
Income before Contributions	18,436
Capital Contributions	<u>17,452</u>
Change in net assets	35,888
Net Assets - Beginning	<u>17,925</u>
Net Assets - Ending	<u><u>\$ 53,813</u></u>

See Accompanying Notes to Financial Statements



**BOYDEN-HULL COMMUNITY SCHOOL DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	<b>Business Type Activity School Nutrition Fund</b>
<b>Cash flows from operating activities:</b>	
Cash received from sale of lunches and breakfasts	\$ 182,322
Cash paid to employees for services	(133,587)
Cash paid to suppliers for goods or services	(146,046)
Total cash (used) by operating activities	<u>(97,311)</u>
<b>Cash flows from noncapital financing activities:</b>	
State grants received	3,843
Federal grants received	109,310
Change in internal balances	(10,471)
Total cash provided by noncapital financing activities	<u>102,682</u>
<b>Cash flows from investing activities:</b>	
Interest on investments	<u>99</u>
Net increase in cash and cash equivalents	5,470
Cash and cash equivalents - beginning of year	<u>980</u>
Cash and cash equivalents - end of year	<u><u>\$ 6,450</u></u>
<b>Reconciliation of operating (loss) to net cash used by operating activities:</b>	
Operating (loss)	\$ (114,641)
Adjustments to reconcile net operating (loss) to net cash (used) by operating activities:	
Depreciation expense	4,154
Commodities used	19,825
(Increase) decrease in assets and increase (decrease) in liabilities:	
Accounts Receivable	221
Inventories	(8,559)
Prepaid Insurance	107
Unearned Revenue	<u>1,582</u>
Net cash (used) by operating activities	<u><u>\$ (97,311)</u></u>
<b>Non-cash investing, capital and financing activities:</b>	
Federal food commodities received	<u>\$ 19,825</u>
Capital contributions	<u><u>\$ 17,452</u></u>

See Accompanying Notes to Financial Statements

**BOYDEN-HULL COMMUNITY SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**AGENCY FUNDS**  
**June 30, 2009**

---

**ASSETS**

Cash and Pooled Investments	\$ 25,319
<b>Total Assets</b>	<u>25,319</u>

**LIABILITIES**

Due to Others	<u>25,319</u>
<b>Total Liabilities</b>	<u>25,319</u>

**NET ASSETS**

Unrestricted	<u>-</u>
<b>Total Net Assets</b>	<u><u>\$ -</u></u>

**BOYDEN-HULL COMMUNITY SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2009**

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Boyden-Hull Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the cities of Hull and Boyden, Iowa, and the predominate agricultural territory in Sioux and Lyon Counties in Iowa. The district is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Government Accounting Standards Board.

**A. Reporting Entity**

For financial reporting purposes, Boyden-Hull Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District.

Discretely Presented Component Unit - In August 1997 the District established the Boyden-Hull Community School District Foundation by appointing a board of trustees to incorporate a foundation under the Iowa Non-Profit Corporation Act, Iowa Code Chapter 504A. The focus of the Foundation is exclusively for charitable, scientific, and educational purposes of the District. The financial activity of the Foundation is included in the financial statements of the Boyden-Hull Community School District as a discretely presented component unit for the year ended June 30, 2009. Complete financial statements are on file at Boyden-Hull Community School District.

Jointly Governed Organizations – The District participates in jointly governed organizations that provides services to the District but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Sioux and Lyon County Assessor's Conference Boards.

**B. Basis of Presentation**

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

**BOYDEN-HULL COMMUNITY SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2009**

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Unrestricted net assets* consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Debt Service Fund is utilized to account for the payment of interest and principal on the District's general long-term debt.

The Capital Projects Fund is used to account for the collection of a 1% school local sales and services tax to be expended for school infrastructure purposes.

The Physical Plant and Equipment Levy Fund is used to account for a regular property tax levy and a special voted tax levy per thousand dollars of assessed valuation in the District for use in the purchase of equipment and repairing and improving schoolhouse buildings and grounds.

The District reports the following major proprietary fund:

The District's proprietary fund is the Enterprise, School Nutrition Fund. This fund is used to account for the food service operations of the District.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

The Agency Funds are used to account for assets held by the District as an agent for individuals. The Agency Funds are custodial in nature, assets equal liabilities, and do not involve measurement of results of operations.

**BOYDEN-HULL COMMUNITY SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2009**

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus and Basis of Accounting**

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied. The effects of any internal activity has been eliminated on the government-wide statement of activities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year-end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the district.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary fund of the District applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**BOYDEN-HULL COMMUNITY SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2009**

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities and Fund Equity**

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust, which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2008.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Restricted Assets – Certain resources set aside for debt repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants and they are maintained in separate bank accounts.

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets – Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of \$1,000.

**BOYDEN-HULL COMMUNITY SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2009**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Capital Assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	50 years
Improvements other than buildings	20-50 years
Furniture and equipment	5-20 years

Salaries and Benefits Payable – Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, were paid in June of 2009.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year end, excluding grant receivables.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2009 and include all related benefits. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-Term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets – In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

**BOYDEN-HULL COMMUNITY SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2009**

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Budgets and Budgetary Accounting**

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

**NOTE 2 – CASH AND POOLED INVESTMENTS**

The District's deposits in banks at June 30, 2009 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies, certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2009, the District had investments in the Iowa Schools Joint Investment Trust, as follows:

	<b>Amortized Cost</b>
Diversified Portfolio	<u>\$ 50,361</u>

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Interest rate risk. The District's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the District.

Credit risk. The investments in the Iowa Schools Joint Investment Trust were rated Aaa by Moody's Investors Service.

**NOTE 3 – INTERFUND BALANCES**

The detail of interfund receivables and payables at June 30, 2009 is as follows:

<b>Fund Due To</b>	<b>Fund Due From</b>	<b>Amount</b>
General	Special Revenue – PPEL	\$ 7,794

The purpose of the interfund balance is to help finance the short-term cash shortage in the PPEL fund.



**BOYDEN-HULL COMMUNITY SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2009**

**NOTE 4 – INTERFUND TRANSFERS**

The detail of interfund transfers for the year ended June 30, 2009 is as follows:

<b>Transfer To</b>	<b>Transfer From</b>	<b>Amount</b>
Special Revenue – PPEL	Capital Project	\$ 200,000
Debt Service	Capital Project	157,677
		<u>\$ 357,677</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

**NOTE 5 – IOWA SCHOOL CASH ANTICIPATION PROGRAM (ISCAP)**

The District participates in the Iowa School Cash Anticipation (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semi-annual period. ISCAP accounts are maintained for each participating entity, and monthly statements are provided regarding their cash balance, interest earnings and amounts available for withdrawal for each outstanding series of warrants. Bankers Trust Co. NA is the trustee for the program. The District did not participate in any issuances during this fiscal year.

**BOYDEN-HULL COMMUNITY SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2009**

**NOTE 6 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2009 was as follows:

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 318,751	\$ 26,845	\$ -	\$ 345,596
Construction in Progress	1,274,433	114,972	1,358,725	30,680
Total capital assets not being depreciated	1,593,184	141,817	1,358,725	376,276
Capital assets being depreciated:				
Land Improvements	574,273	16,502	-	590,775
Buildings	578,465	1,248,216	-	1,826,681
Building Improvements	4,134,361	144,862	-	4,279,223
Furniture and equipment	726,929	118,555	63,686	781,798
Vehicles	657,446	78,639	36,021	700,064
Total capital assets being depreciated	6,671,474	1,606,774	99,707	8,178,541
Less: Accumulated Depreciation for:				
Land Improvements	458,726	7,660	-	466,386
Buildings	372,579	13,520	-	386,099
Building Improvements	1,283,827	91,670	-	1,375,497
Furniture and equipment	451,759	69,490	52,576	468,673
Vehicles	451,949	49,768	36,021	465,696
Total Accumulated Depreciation	3,018,840	232,108	88,597	3,162,351
Total capital assets being depreciated, net	3,652,634	1,374,666	(11,110)	5,016,190
Governmental activities capital assets, net	\$ 5,245,818	\$ 1,516,483	\$(1,369,835)	\$ 5,392,466

Construction in progress at June 30, 2009, for the governmental activities consisted of costs associated with window replacements.

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
<b>Business-type Activities:</b>				
Furniture and equipment	\$ 70,529	\$ 17,452	-	\$ 87,981
Less: Accumulated Depreciation	50,769	4,154	-	54,923
Business-type activities capital assets, net	\$ 19,760	\$ 13,298	-	\$ 33,058

Depreciation expense was charged to the functions as follows:

<b>Governmental Activities:</b>	
Regular Instruction	\$ 39,179
Other Instruction	11,235
Administration Services	3,351
Operation and Maintenance	15,725
Transportation Services	49,768
Facilities Acquisitions	112,850
Total depreciation expenses – governmental activities	\$ 232,108
<b>Business-type activities:</b>	
Food Service Operations	\$ 4,154

**BOYDEN-HULL COMMUNITY SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2009**

**NOTE 6 – CAPITAL ASSETS – (CONTINUED)**

**Reconciliation of Invested in Capital Assets:**

	<b>Governmental Activities</b>	<b>Business- Type Activity</b>
Land	\$ 345,596	\$ -
Construction in Progress	30,680	-
Capital Assets (net of accumulated depreciation)	5,016,190	33,058
Less: Bonds Payable	2,714,286	-
Invested in Capital Assets, Net of Related Debt	<u>\$ 2,678,180</u>	<u>\$ 33,058</u>

**NOTE 7 – LONG-TERM LIABILITIES**

Changes in long-term liabilities for the year ended June 30, 2009 are summarized as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Governmental Activities:</b>					
General Obligations Bonds	\$ 2,155,000	\$ -	\$ 155,000	\$ 2,000,000	\$ 160,000
LOST Revenue Bonds	857,143	-	142,857	714,286	142,857
Early Retirement	24,835	48,587	25,166	48,256	45,055
Compensated Absences	7,530	13,408	11,455	9,483	9,483
Governmental Activities Long-Term Liabilities	<u>\$ 3,044,508</u>	<u>\$ 61,995</u>	<u>\$ 334,478</u>	<u>\$ 2,772,025</u>	<u>\$ 357,395</u>

**General Obligation Bonds**

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and projects. General obligation bonds have been issued for governmental activities. These bonds are direct obligations and pledge the full faith and credit of the District.

Details of the District's June 30, 2009 general obligation bonded indebtedness are as follows:

<b>Year Ending June 30</b>	<b>Bond Issue of June 1, 1999</b>		
	<b>Interest Rate</b>	<b>Principal</b>	<b>Interest</b>
2010	4.30%	\$ 160,000	\$ 90,813
2011	4.30%	170,000	83,933
2012	4.40%	180,000	76,623
2013	4.40%	185,000	68,703
2014	4.50%	195,000	60,563
2015-2019	4.50-4.75%	1,110,000	161,456
Total		<u>\$ 2,000,000</u>	<u>\$ 542,091</u>

**BOYDEN-HULL COMMUNITY SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2009**

**NOTE 7 – LONG-TERM LIABILITIES – (CONTINUED)**

**Revenue Bonds**

The local option sales and services tax revenue bonds were issued for the purpose of defraying a portion of the cost of school infrastructure. The bonds are payable solely from the proceeds of the local option sales and services tax revenues received by the District. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District.

The resolution providing for the issuance of the local option sales and services tax revenue bonds includes the following provisions:

1. The proceeds from the issuance of the revenue bonds shall be deposited to the Project Account.
2. All proceeds from the local option sales and services tax shall be placed in a Revenue Account.
3. Monies in the Revenue Account shall be disbursed to make deposits into a Sinking Account to pay the principal and interest requirements each month of the fiscal year. The Sinking Account is shown as a restricted asset in the Capital Project LOST fund.
4. Any monies remaining in the Revenue Account after the required transfer to the Sinking Account may be transferred to the Project Account to be used for any lawful purpose.

The District was in compliance with all of the provisions during the year ended June 30, 2009.

Details of the District's June 30, 2009 local option sales and services tax revenue bonded indebtedness are as follows:

<b><u>Bond Issue of April 25, 2007</u></b>			
<b><u>Year</u></b>			
<b><u>Ending</u></b>	<b><u>Interest</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>
<b><u>June 30</u></b>	<b><u>Rate</u></b>		
2010	4.75%	\$ 142,857	\$ 30,536
2011	4.75%	142,857	23,750
2012	4.75%	142,857	16,964
2013	4.75%	142,857	10,179
2014	4.75%	142,858	3,393
Total		<u>\$ 714,286</u>	<u>\$ 84,822</u>

**Early Retirement**

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-five. Employees must complete an application, which is required, to be approved by the Board of Education. The early retirement incentive for each eligible employee is equal to the number of years of service multiplied by 2.25% times the employee's final salary and subject to a maximum of \$26,100 per individual. A new retirement incentive program was opened for the 2008–2009 school years. This program was available for employees who worked at least 40% full-time equivalent, who were at least 60 years old on or before June 30, 2009, and who completed a minimum of 15 years of continuous service. An employee whose application for the retirement incentive was approved and who retires shall be entitled to 50% of his or her annual full-time equivalent salary multiplied by his or her full-time equivalent service. Early retirement benefits paid during the year ended June 30, 2009, totaled \$25,941. The cost of early retirement payments liquidated within 60 days is recorded as a liability of the Special Revenue – Management Levy Fund in the fund financial statements. The non-current portion of the retirement is recorded in the government-wide financial statements. There are currently three individuals in the plan, with the last payment due in FY 2011. The recorded liability on the District financials is shown at present values and not discounted present values.

**BOYDEN-HULL COMMUNITY SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2009**

---

**NOTE 8 – PENSION AND RETIREMENT BENEFITS**

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits that are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 4.10% of their annual covered salary and the District is required to contribute 6.35% of annual covered payroll for the year ended June 30, 2009. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2009, 2008, and 2007 were \$192,390, \$202,636, and \$181,441 respectively, equal to the required contributions for each year.

**NOTE 9 – RISK MANAGEMENT**

Boyden-Hull Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NOTE 10 – AREA EDUCATION AGENCY**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$252,631 for the year ended June 30, 2009 and is recorded in the General Fund.

**NOTE 11 – SUBSEQUENT EVENTS**

On June 29, 2009 the School District authorized and approved General Obligation School Refunding Bonds Series 2009 for \$2,060,000. The bonds will be issued July 2009 to provide for the current refunding of the District's outstanding school bonds dated June 1, 1999.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**BOYDEN-HULL COMMUNITY SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN BALANCES -**  
**BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUND**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Governmental	Proprietary	Total	Final Budget
	Original	Amended	Funds	Fund	Actual	to Actual
			Actual	Actual		Variance
<b>REVENUE:</b>						
Local Sources:						
Local Tax	\$ 2,098,840	\$ 2,098,840	\$ 2,587,833	\$ -	\$ 2,587,833	\$ 488,993
Tuition	287,000	287,000	307,400	-	307,400	20,400
Other	794,710	794,710	280,218	180,618	460,836	(333,874)
Intermediate Sources	27,000	27,000	28,114	-	28,114	1,114
State Sources	3,301,601	3,301,601	3,254,603	3,843	3,258,446	(43,155)
Federal Sources	370,000	370,000	241,191	129,135	370,326	326
Total Revenue	6,879,151	6,879,151	6,699,359	313,596	7,012,955	133,804
<b>EXPENDITURES:</b>						
Current:						
Instruction	4,769,240	4,769,240	4,027,905	-	4,027,905	741,335
Support Services	1,881,145	1,881,145	1,683,893	-	1,683,893	197,252
Non-instructional Programs	282,182	282,182	43,178	295,160	338,338	(56,156)
Other Expenditures	837,399	837,399	955,897	-	955,897	(118,498)
Total Expenditures	7,769,966	7,769,966	6,710,873	295,160	7,006,033	763,933
Excess (Deficiency) of Revenues Over Expenditures	(890,815)	(890,815)	(11,514)	18,436	6,922	897,737
Other Financing Sources (Uses):						
Transfers In	445,178	445,178	357,677	-	357,677	(87,501)
Transfers Out	(445,178)	(445,178)	(357,677)	-	(357,677)	87,501
Sale of Capital Assets	100	100	-	-	-	(100)
Total Other Financing Sources (Uses)	100	100	-	-	-	(100)
Capital Contributions	-	-	-	17,452	17,452	17,452
Net Change in Fund Balances	(890,715)	(890,715)	(11,514)	35,888	24,374	915,089
Fund Balances - Beginning of Year	1,191,808	1,191,808	1,173,883	17,925	1,191,808	-
Fund Balances - End of Year	\$ 301,093	\$ 301,093	\$ 1,162,369	\$ 53,813	\$ 1,216,182	\$ 915,089

**BOYDEN-HULL COMMUNITY SCHOOL DISTRICT**  
**Notes to Required Supplementary Information – Budgetary Reporting**  
**June 30, 2009**

---

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except the internal service fund, the district foundation, a blended component unit and the agency fund. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year ended June 30, 2009, the District had no budget amendments.

During the year ended June 30, 2009, expenditures in the other expenditures and non-instructional functions exceeded the amounts budgeted.



## OTHER SUPPLEMENTARY INFORMATION

**BOYDEN-HULL COMMUNITY SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2009**

Schedule 1

**REVENUES:**

Local Sources:

Local Tax:

Property Tax	\$ 1,517,257
Mobile Home Tax	1,695
Utility Tax Replacement Excise Tax	46,695
Surtax	100,620
	<u>1,666,267</u>

Other Local Sources:

Interest on Investments	18,393
Services to other LEA's	35,609
Tuition from Other Districts	307,400
Student Fees	30,080
Rent	17,088
Miscellaneous	42,022
	<u>450,592</u>
	<u>2,116,859</u>

State Sources:

State Foundation Aid	2,513,757
Instructional Support State Aid	15,136
Beginning Teacher Mentoring Program	3,900
Educational Excellence Program:	
Phase I	22,731
Phase II	49,323
Non-Public Transportation Aid	48,739
Non-Public Textbook and Technology Aid	9,260
Improving Teacher Quality	291,926
Vocational Education Aid	4,403
Revenue in lieu of taxes - military credit	975
AEA Flow-Through	252,631
Iowa Early Intervention Block Grant	41,459
	<u>3,254,240</u>

Federal Sources:

Title I Grants to Local Educational Agencies	67,886
Safe and Drug-Free Schools and Communities-States Grants	2,301
Vocational Education - Basic Grants to States	5,640
Special Education - Grants to States	44,382
Title II Improving Teacher Quality State Grants	28,560
Title VI Grants for Assessments and Related Activities	4,069
Medicaid	36,484
ARRA Stabilization	51,094
Other	775
	<u>241,191</u>

Total Revenue

\$ 5,612,290

Continued

**BOYDEN-HULL COMMUNITY SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GENERAL FUND - CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2009**

Schedule 1 (Continued)

**EXPENDITURES:**

**Instruction:**

Regular Instruction:

Salaries	\$ 1,913,981
Benefits	448,958
Services	148,078
Supplies	88,723
Property	1,515
	<u>2,601,255</u>

Special Education Instruction:

Salaries	524,929
Benefits	146,573
Services	158,802
Supplies	7,951
Property	4,082
	<u>842,337</u>

Vocational Instruction:

Salaries	210,044
Benefits	48,827
Supplies	3,743
Property	5,757
	<u>268,371</u>

Co-curricular Instruction:

Salaries	94,033
Benefits	12,904
Services	27,339
	<u>134,276</u>

Nonpublic Instruction:

Supplies	9,260
	<u>9,260</u>

**Total Instruction**

3,855,499

**Support Services:**

**Student Services:**

Guidance Services:

Salaries	87,124
Benefits	22,543
Services	2,727
Supplies	975
Property	166
	<u>\$ 113,535</u>

Continued

**BOYDEN-HULL COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GENERAL FUND - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2009**

Schedule 1 (Continued)

**Support Services (Continued):**

**Student Services (Continued):**

Health Services:

Salaries	\$ 15,757
Benefits	9,230
Supplies	613
	<u>25,600</u>

**Total Student Services** 139,135

**Support Services:**

**Instructional Staff Services:**

Educational Media Services:

Salaries	42,673
Benefits	14,884
Supplies	5,924
	<u>63,481</u>

**Total Instructional Staff Services** 63,481

**Support Services:**

**Administration Services:**

Executive Administration:

Salaries	126,525
Benefits	34,797
Services	3,592
Supplies	621
Property	302
Other	2,452
	<u>168,289</u>

School Administration:

Salaries	211,090
Benefits	50,442
Services	1,886
Supplies	3,257
Property	67
Other	1,359
	<u>\$ 268,101</u>

Continued

**BOYDEN-HULL COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GENERAL FUND - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2009**

Schedule 1 (Continued)

---

**Support Services (Continued):**

**Administration Services (Continued):**

Business Administration:

Salaries	\$ 45,333
Benefits	6,157
Services	11,874
Supplies	2,407
Property	70
Other	914
	<u>66,755</u>

Board of Education:

Services	26,673
Supplies	1,887
Other	4,131
	<u>32,691</u>

**Total Administration Services:**

535,836

**Support Services:**

**Operation and Maintenance:**

Plant Operation and Maintenance:

Salaries	135,675
Benefits	25,278
Services	42,380
Supplies	172,011
Property	895
Other	159
	<u>376,398</u>

Other Support Services:

Salaries	54,081
Benefits	13,844
Services	13,485
Supplies	12,545
Property	1,671
	<u>95,626</u>

**Total Operation and Maintenance:**

\$ 472,024

Continued

**BOYDEN-HULL COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GENERAL FUND - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2009**

Schedule 1 (Continued)

**Support Services:**

**Student Transportation:**

Salaries	\$ 98,548
Benefits	14,272
Services	71,347
Supplies	61,635
Property	3,028
Other	2,140
	<u>250,970</u>

**Total Transportation Services:** 250,970

**Total Support Services** 1,461,446

**Non-instructional Programs:**

**Community Services:**

Salaries	11,469
Benefits	1,483
Supplies	12,774
	<u>25,726</u>

**Total Non-Instructional Transportation Services:** 25,726

**Other Expenditures:**

AEA Flow-Through 252,631

**Total Expenditures** 5,595,302

**Excess of Revenues Over Expenditures** 16,988

**Fund Balance - Beginning of Year** 319,812

**Fund Balance - End of Year** \$ 336,800

**BOYDEN-HULL COMMUNITY SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
GOVERNMENTAL NONMAJOR FUNDS  
JUNE 30, 2009**

Schedule 2

	Special Revenue Funds			
	Management Levy	Student Activity	Gift & Trust	Total
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 25,671	\$ 95	\$ 4,773	\$ 30,539
Investments	-	50,361	-	50,361
Receivables:				
Property Tax	1,287	-	-	1,287
Succeeding Year Tax	180,000	-	-	180,000
<b>Total Assets</b>	<b>206,958</b>	<b>50,456</b>	<b>4,773</b>	<b>262,187</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable	1,507	630	-	2,137
Due to Other Funds	-	-	-	-
Early Retirement Payable	1,004	-	-	1,004
Deferred Revenue - Succeeding Year Taxes	180,000	-	-	180,000
<b>Total Liabilities</b>	<b>182,511</b>	<b>630</b>	<b>-</b>	<b>183,141</b>
Fund Balances:				
Unreserved for:				
Special Revenue Fund	24,447	49,826	4,773	79,046
<b>Total Fund Balances</b>	<b>24,447</b>	<b>49,826</b>	<b>4,773</b>	<b>79,046</b>
<b>Total Liabilities and Equity</b>	<b>\$ 206,958</b>	<b>\$ 50,456</b>	<b>\$ 4,773</b>	<b>\$ 262,187</b>

**BOYDEN-HULL COMMUNITY SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL NONMAJOR FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009**

Schedule 3

	Special Revenue Funds			
	Management Levy	Student Activity	Gift & Trust	Total
<b>REVENUE:</b>				
Local Sources:				
Local Tax	\$ 105,083	\$ -	\$ -	\$ 105,083
Other	11,123	134,092	2,139	147,354
State Sources	65	-	-	65
Total Revenue	116,271	134,092	2,139	252,502
<b>EXPENDITURES:</b>				
Current:				
Instruction:				
Regular Instruction	22,091	-	-	22,091
Special Instruction	-	-	-	-
Other Instruction	-	127,193	-	127,193
Support Services:				
Student Services	1,506	-	-	1,506
Instructional Staff Services	3,850	-	-	3,850
Administration Services	60,745	-	2,296	63,041
Operation and Maintenance	17,663	-	-	17,663
Transportation Services	11,245	-	-	11,245
Non-instructional Programs	-	-	-	-
Other Expenditures:				
Facilities Acquisition and Construction	-	-	-	-
Total Expenditures	117,100	127,193	2,296	246,589
Excess(Deficiency) of Revenues Over Expenditures	(829)	6,899	(157)	5,913
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(829)	6,899	(157)	5,913
Fund Balances - Beginning of Year	25,276	42,927	4,930	73,133
Fund Balances - End of Year	\$ 24,447	\$ 49,826	\$ 4,773	\$ 79,046



**BOYDEN-HULL COMMUNITY SCHOOL DISTRICT**  
**SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

					Schedule 4
	Balance July 1, 2008	Revenues	Expenditures	Operating Transfers	Balance June 30, 2009
Athletic General	\$ -	\$ 12,100	\$ 2,478	\$ (9,622)	\$ -
Band	469	437	1,147	1,046	805
Band Uniform Maintenance	346	420	319	-	447
Baseball	-	-	3,137	3,137	-
Boys Basketball	1	8,094	4,029	(4,066)	-
Boys Track	-	1,686	1,390	(296)	-
Cheerleaders	189	2,407	3,020	921	497
Choir Robes	661	380	-	-	1,041
Class of 2012	-	887	-	-	887
Class of 2009	3,594	191	3,785	-	-
Class of 2010	2,460	9,288	9,633	-	2,115
Class of 2011	1,015	881	-	-	1,896
Cross Country	-	-	633	633	-
Elementary Band	-	56	92	36	-
Elementary Student Council	5,402	12,150	10,705	-	6,847
Elementary Student Miscellaneous	93	187	158	-	122
Family Career Community Leader of America	1,505	2,088	1,276	-	2,317
Football	-	6,873	7,593	720	-
Future Farmers of America	3,731	6,121	6,940	-	2,912
General Miscellaneous	-	-	586	586	-
Girls Basketball	-	7,259	6,348	(911)	-
Girls Track	-	1,739	3,032	1,293	-
Golf	-	-	1,499	1,499	-
High School Student Council	4,190	7,671	8,993	-	2,868
Interest	-	631	-	(631)	-
Junior High Band	120	377	92	-	405
Junior High Student Council	137	-	19	-	118
Magazine Sales	-	3,059	3,059	-	-
National Honor Society	64	17	-	-	81
Pep Bus/Students	4	-	-	(1)	3
Pep Club	130	9,256	7,829	4,000	5,557
Quiz Bowl	1,276	480	561	(112)	1,083
Recycling	4,768	4,416	6,331	(189)	2,664
Resale Elementary Band	38	936	1,163	189	-
Resale High School Band	227	33	79	-	181
Resale Industrial Arts	255	1,133	794	-	594
Resale Marketing	2,061	1,469	1,620	-	1,910
School Play	146	903	394	(655)	-
Sixth Grade Trip	5,051	8,937	7,960	-	6,028
Softball	-	550	3,321	2,771	-
Spanish Club	1,169	-	-	-	1,169
Speech	-	50	706	656	-
Swing Show	-	2,140	11	(2,129)	-
Vocal	469	687	1,269	1,047	934
Volleyball	-	2,947	2,977	30	-
Wrestling	-	42	90	48	-
Yearbook	3,356	14,134	11,823	-	5,667
Yearbook-Gallery	-	980	302	-	678
<b>Total</b>	<b>\$ 42,927</b>	<b>\$ 134,092</b>	<b>\$ 127,193</b>	<b>\$ -</b>	<b>\$ 49,826</b>

BOYDEN-HULL COMMUNITY SCHOOL DISTRICT  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
 AGENCY FUNDS  
 JUNE 30, 2009

Schedule 5

	Employee Pop Account	Employee Flex Account	Total
<b>ASSETS</b>			
Cash and Pooled Investments	\$ 4,729	\$ 20,590	\$ 25,319
<b>Total Assets</b>	<u>4,729</u>	<u>20,590</u>	<u>25,319</u>
<b>LIABILITIES</b>			
Due to Others	4,729	20,590	25,319
<b>Total Liabilities</b>	<u>\$ 4,729</u>	<u>\$ 20,590</u>	<u>\$ 25,319</u>

**BOYDEN-HULL COMMUNITY SCHOOL DISTRICT  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009**

				Schedule 6
	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
<b>Employee Pop Account</b>				
<b>Assets</b>				
Cash and Pooled Investments	\$ 4,821	\$ 2,476	\$ 2,568	\$ 4,729
Total Assets	<u>4,821</u>	<u>2,476</u>	<u>2,568</u>	<u>4,729</u>
<b>Liabilities</b>				
Due to Others	<u>4,821</u>	<u>2,476</u>	<u>2,568</u>	<u>4,729</u>
Total Liabilities	<u>4,821</u>	<u>2,476</u>	<u>2,568</u>	<u>4,729</u>
<b>Employee Flex Account</b>				
<b>Assets</b>				
Cash and Pooled Investments	9,987	10,603	-	20,590
Accounts Receivable	6,469	-	6,469	-
Total Assets	<u>16,456</u>	<u>10,603</u>	<u>6,469</u>	<u>20,590</u>
<b>Liabilities</b>				
Due to Others	<u>16,456</u>	<u>10,603</u>	<u>6,469</u>	<u>20,590</u>
Total Liabilities	<u>16,456</u>	<u>10,603</u>	<u>6,469</u>	<u>20,590</u>
<b>Total</b>				
<b>Assets</b>				
Cash and Pooled Investments	14,808	13,079	2,568	25,319
Accounts Receivable	6,469	-	6,469	-
Total Assets	<u>21,277</u>	<u>13,079</u>	<u>9,037</u>	<u>25,319</u>
<b>Liabilities</b>				
Due to Others	<u>21,277</u>	<u>13,079</u>	<u>9,037</u>	<u>25,319</u>
Total Liabilities	<u>\$ 21,277</u>	<u>\$ 13,079</u>	<u>\$ 9,037</u>	<u>\$ 25,319</u>

**BOYDEN-HULL COMMUNITY SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION**  
**ALL GOVERNMENTAL FUNDS**  
**FOR THE YEARS ENDED JUNE 30, 2009, 2008, 2007, 2006, 2005, 2004**

Schedule 7

	Modified Accrual Basis of Accounting					
	2009	2008	2007	2006	2005	2004
<b>Revenues:</b>						
Local Sources:						
Local Tax	\$ 2,587,833	\$ 2,412,950	\$ 2,403,753	\$ 2,293,349	\$ 2,298,543	\$ 2,198,648
Tuition	307,400	294,823	264,514	294,581	251,351	216,390
Other	280,218	374,147	389,169	306,137	247,944	212,844
Intermediate Sources	28,114	10,751	24,494	18,845	-	-
State Sources	3,254,603	3,151,642	2,695,903	2,903,503	2,685,069	2,303,009
Federal Sources	241,191	219,844	264,126	292,622	270,810	181,202
Total	<u>6,699,359</u>	<u>6,464,157</u>	<u>6,041,959</u>	<u>6,109,037</u>	<u>5,753,717</u>	<u>5,112,093</u>
<b>Expenditures:</b>						
Instruction:						
Regular	2,642,436	2,640,587	2,383,420	2,428,834	2,314,176	2,104,063
Special	842,337	932,062	882,231	769,968	804,400	741,219
Other	543,132	549,878	488,860	457,653	336,175	289,069
Support Services:						
Student	140,641	126,826	118,532	115,089	64,445	67,200
Instructional Staff	67,331	48,057	46,867	181,236	108,945	137,832
Administration	621,786	587,047	557,025	606,243	526,226	486,733
Operation and maintenance of plant	513,281	492,197	514,328	339,590	344,973	294,707
Transportation	340,854	307,360	387,423	206,688	229,499	170,991
Non-instructional programs	43,178	12,955	24,494	18,502	29,768	7,176
Other Expenditures:						
Facilities Acquisition	265,287	834,261	677,874	166,595	67,055	175,629
Long-term debt:						
Principal	297,857	287,857	140,000	135,000	125,000	120,000
Interest and other charges	140,122	155,819	113,058	119,809	126,058	131,957
AEA Flowthrough	252,631	240,409	233,110	227,179	210,741	198,283
Total	<u>\$ 6,710,873</u>	<u>\$ 7,215,315</u>	<u>\$ 6,567,222</u>	<u>\$ 5,772,386</u>	<u>\$ 5,287,461</u>	<u>\$ 4,936,594</u>

BOYDEN-HULL COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2009

Schedule 8

---

**Part I: Summary of the Independent Auditor's Results**

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including material weaknesses.
- (c) The audit did not disclose any non-compliance, which is material to the financial statements.

**Part II: Findings Related to the Financial Statements:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

**SIGNIFICANT DEFICIENCIES:**

**II-A-09 Financial Accounting – Segregation of Duties**

Comment – One important aspect of internal control is the segregation of duties among employees to prevent an individual from handling duties, which are incompatible. Incompatible duties, for accounting control purposes, are those duties that place a person in a position where they could both perpetuate and conceal errors or fraud. In performing our audit, we noted that one person has primary responsibility for many accounting and financial duties of the District.

Recommendations – The size of the District's accounting and administrative staff precludes certain internal controls that would be preferred if the staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Education and Superintendent remain actively involved in the financial affairs of the District to provide oversight and review functions. In addition, the District should periodically review the operating procedures and make changes as necessary to obtain the maximum internal control under the circumstances.

Response – District administration understands the nature of the weakness and the necessity for the Board and Superintendent to provide oversight and review functions. We will continue to review procedures of the District and make changes as deemed necessary and practical.

Conclusion – Response accepted.

**BOYDEN-HULL COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2009**

Schedule 8 (Continued)

---

**Part II: Findings Related to the Financial Statements:**

**II-B-09 Financial Reporting**

Comment – During the audit, we identified material amounts of payables and capital asset additions not recorded in the District's financial statements. Adjustments were also identified for reclassifications and corrections. All adjustments were subsequently made by the District to properly include those amounts in the financial statements.

Recommendation – The District should implement procedures to ensure all payables and capital asset additions are identified and included in the District's financial statements, and that the financial statements are properly classified and fairly stated.

Response – We will double check these in the future to avoid missing any payables or capital asset transactions, as well as misclassifications or reporting errors.

Conclusion – Response accepted.

**Part III: Other Findings Related to Statutory Reporting:**

- III-A-09      Certified Budget – Expenditures for the year ended June 30, 2009 exceed the amended certified budget amounts in the other expenditures and non-instructional functions.
- Recommendation – The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.
- Response – Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.
- Conclusion - Response accepted.
- 
- III-B-09      Questionable Disbursements – No disbursements were noted that they may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- 
- III-C-09      Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- 
- III-D-09      Business Transactions – No business transactions between the District and District Officials or employees were noted.

**BOYDEN-HULL COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2009**

Schedule 8 (Continued)

---

**Part III: Other Findings Related to Statutory Reporting (Continued):**

- III-E-09      Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- III-F-09      Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.
- III-G-09      Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.
- III-H-09      Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
- III-I-09      Certified Annual Report – The Certified Annual Report was certified timely to the Iowa Department of Education.
- III-J-09      Categorical Funding – No instances were noted of categorical funding used to supplant rather than supplement other funds.
- III-K-09      Statewide Sales and Services Tax – No instances of non-compliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales and services tax. For the year ended June 30, 2009, the District's financial activity and other required information for the statewide sales and services tax are as follows:

Beginning Balance	\$ -
Statewide sales and services tax revenue	456,165
Expenditures/transfers out:	
School Infrastructure:	
Buildings	\$ 40,966
Equipment	200,000
Debt service for school infrastructure:	
Revenue debt	157,677
Ending Balance	<u>\$ 57,522</u>

- III-L-09      Revenue Bonds – The required monthly transfers from the Revenue Account to the Sinking Account were made by the District.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Education of the  
Boyden-Hull Community School District

We have audited the financial statements of the governmental activities, the business-type activity, the discretely presented component unit, each major fund, and the aggregate remaining fund information of BOYDEN-HULL COMMUNITY SCHOOL DISTRICT as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents, and have issued our report thereon dated December 7, 2009. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting:

In planning and performing our audit, we considered Boyden-Hull Community District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Boyden-Hull Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Boyden-Hull Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Boyden-Hull Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of the Boyden-Hull Community School District's financial statements that is more than inconsequential will not be prevented or detected by the Boyden-Hull Community School District's internal control. We consider the deficiencies in internal control described in the accompanying Schedule of Findings as items II-A-09 and II-B-09 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by the Boyden-Hull Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that



might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiencies described above are material weaknesses.

Compliance and Other Matters:

As part of obtaining reasonable assurance about whether the Boyden-Hull Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part III of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2009 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The Boyden-Hull Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the District's responses, we did not audit the Boyden-Hull Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the board of education, management, employees and citizens of Boyden-Hull Community School District and other parties to whom the Boyden-Hull Community School District may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Boyden-Hull Community School District during the course of our audit. If you have any questions concerning any of the above matters, we would be pleased to discuss them with you at your convenience.

*Williams & Company, P.C.*  
Certified Public Accountants

Le Mars, Iowa  
December 7, 2009